CHINA STAR ENTERTAINMENT LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 326)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30TH JUNE 2026

INTERIM RESULTS

The board of directors (the "Board") of China Star Entertainment Limited (the "Company") presents the unaudited condensed consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30th June 2026 together with the comparative figures as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30th June 2026

	Notes	Six months ended 30th June **2026** *HK$'000* (Unaudited)	2025 *HK$'000* (Unaudited)
Revenue	4	**95,314**	256,521
Cost of sales		**(27,188)**	(180,130)
Gross profit		**68,126**	76,391
Other revenue and other income	5	**6,456**	5,275
Administrative expenses		**(58,505)**	(81,719)
Marketing, selling and distribution expenses		**(11,483)**	(35,214)
Loss arising on change in fair value of financial assets at fair value through profit or loss		**(2,476)**	(771)
Other operating expenses		**(18,441)**	(45,734)
Loss from operations		**(16,323)**	(81,772)
Finance costs	6	**(51,588)**	(51,868)
Loss before tax	7	**(67,911)**	(133,640)
Income tax (expense)/credit	8	**(1,800)**	38
Loss for the period		**(69,711)**	(133,602)
Loss for the period attributable to:			
Owners of the Company		**(56,094)**	(110,875)
Non-controlling interests		**(13,617)**	(22,727)
		(69,711)	(133,602)
Loss per share	9		
Basic and diluted		**HK(2.31) cents**	HK(4.56) cents

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30th June 2026

	Six months ended 30th June	
	2026	2025
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Loss for the period	**(69,711)**	(133,602)
Other comprehensive loss		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation of foreign operations	**(2,030)**	(3,464)
Total comprehensive loss for the period	**(71,741)**	(137,066)
Total comprehensive loss for the period attributable to:		
Owners of the Company	**(58,124)**	(114,339)
Non-controlling interests	**(13,617)**	(22,727)
	(71,741)	(137,066)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30th June 2026

	Notes	**At 30th June 2026** *HK$'000* **(Unaudited)**	At 31st December 2025 *HK$'000* (Audited)
Non-current assets			
Property, plant and equipment		**324,571**	335,862
Investment property		**150,626**	152,465
Intangible assets		**48**	139
Prepayment		**37,442**	37,442
		512,687	525,908
Current assets			
Inventories		**1,147**	843
Stock of properties		**3,299,169**	3,207,328
Investment in films		**26,519**	25,590
Trade receivables	11	**2,068**	1,316
Deposits, prepayment and other receivables		**488,339**	469,417
Financial assets at fair value through profit or loss		**6,714**	9,199
Amount due from non-controlling interest		**5**	5
Time deposits		**174**	5,171
Cash and bank balances and restricted cash		**113,711**	181,018
		3,937,846	3,899,887
Total assets		**4,450,533**	4,425,795

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

At 30th June 2026

	Notes	**At 30th June 2026** *HK$'000* **(Unaudited)**	At 31st December 2025 *HK$'000* (Audited)
Capital and reserves			
Share capital		**24,288**	24,288
Reserves		**1,523,759**	1,581,887
Equity attributable to owners of the Company		**1,548,047**	1,606,175
Non-controlling interests		**(102,927)**	(89,310)
Total equity		**1,445,120**	1,516,865
Non-current liabilities			
Lease liabilities		**4,323**	7,789
Bank and other borrowings		**62,084**	17,167
Deferred tax liabilities		**2,341**	2,281
		68,748	27,237
Current liabilities			
Trade payables	12	**86,332**	84,974
Deposits received, accruals and other payables		**597,589**	524,892
Receipts in advance		**38,790**	37,281
Lease liabilities		**6,731**	6,374
Bank and other borrowings		**1,922,551**	1,945,732
Amounts due to non-controlling interests		**284,672**	282,440
		2,936,665	2,881,693
Total liabilities		**3,005,413**	2,908,930
Total equity and liabilities		**4,450,533**	4,425,795
Net current assets		**1,001,181**	1,018,194
Total assets less current liabilities		**1,513,868**	1,544,102

NOTES:

1. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements of the Group (the "Interim Financial Information") have been prepared in accordance with Hong Kong Accounting Standard 34 ("HKAS 34") *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") as well as the applicable disclosure requirements of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The preparation of the Interim Financial Information in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The Interim Financial Information contains unaudited condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and financial performance of the Group since the 2025 annual financial statements. The unaudited condensed consolidated financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with the HKFRS Accounting Standards.

2. ACCOUNTING POLICIES

The Interim Financial Information have been prepared on the historical cost basis except for investment property and certain financial instruments that are measured at fair values at the end of the reporting period.

Historical cost is generally based on the fair value of the consideration given in exchange for assets.

Other than additional or change in accounting policies resulting from application of amendments to HKFRS Accounting Standards and application of certain accounting policies which became relevant to the Group in the current interim period, the accounting policies and methods of computation used in the Interim Financial Information for the six months ended 30th June 2026 are the same as those presented in the Group's audited consolidated financial statements for the year ended 31st December 2025.

The Interim Financial Information are presented in Hong Kong dollar and all values are rounded to the nearest thousand ("HK$'000") except when otherwise indicated.

Application of amendments to HKFRS Accounting Standards

In the current interim period, the Group has applied the following amendments to HKFRS Accounting Standards issued by the HKICPA, for the first time, which are mandatorily effective for the Group's annual period beginning on 1st January 2026 for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards – Volume 11

The application of the amendments to HKFRS Accounting Standards in the current interim period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

3. SEGMENT INFORMATION

The Group determines its operating segments based on the reports reviewed by the directors of the Company, being the chief operating decision maker (the "CODM"), for the purpose of monitoring segment performance and allocating resources between segments and that are used to make strategic decisions.

The Group has three reportable segments – film related business operations, property development and investment operations and multi-media and entertainment business operations. The segmentations are based on the information about the operations of the Group that management uses to make decisions.

3. SEGMENT INFORMATION (CONTINUED)

The Group's reportable segments are strategic business units that operate different activities. They are managed separately because each business has different markets and requires different marketing strategies.

Particulars of the Group's reportable segments are summarised as follows:

Film related business operations	–	Investment, production, distribution and licensing of films, television drama series, short dramas and online movies, and provision of other film related services including artist management services
Property development and investment operations	–	Investment and development of properties and building management services
Multi-media and entertainment business operations	–	Development, promotion and operation in multi-channel network e-commerce platform, commission sharing from online knowledge payment and property consulting services and development and sales of private label products

Segment information about these operations is presented as below:

(a) An analysis of the Group's revenue and results by operating segments

	Segment revenue		Segment results	
	Six months ended 30th June		Six months ended 30th June	
	2026	2025	**2026**	2025
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Film related business operations	**5**	314	**939**	(1,185)
Property development and investment operations	**19,594**	133,013	**(72,119)**	(92,251)
Multi-media and entertainment business operations	**75,715**	123,194	**50,859**	(3,837)
	95,314	256,521	**(20,321)**	(97,273)
Reconciliation from segment results to loss before tax				
Unallocated corporate income			**4,129**	1,051
Loss arising on change in fair value of financial assets at fair value through profit or loss ("FVTPL")			**(2,476)**	(771)
Unallocated corporate expenses			**(49,243)**	(36,647)
Loss before tax			**(67,911)**	(133,640)

3. SEGMENT INFORMATION (CONTINUED)

(a) An analysis of the Group's revenue and results by operating segments (Continued)

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales for both periods.

Segment results represent the loss suffered by each segment without allocation of central administrative expenses and partial finance costs under the heading of "unallocated corporate expenses", partial other revenue and other income under the heading of "unallocated corporate income" and loss arising on change in fair value of financial assets at FVTPL. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

(b) An analysis of the Group's financial position by operating segments

	At 30th June 2026 ***HK$'000*** **(Unaudited)**	At 31st December 2025 *HK$'000* (Audited)
ASSETS		
Segment assets		
– Film related business operations	**272,686**	274,216
– Property development and investment operations	**4,007,793**	3,970,046
– Multi-media and entertainment business operations	**63,319**	52,651
Total segment assets	**4,343,798**	4,296,913
Unallocated assets	**106,735**	128,882
	4,450,533	4,425,795
LIABILITIES		
Segment liabilities		
– Film related business operations	**7,174**	9,303
– Property development and investment operations	**2,425,536**	2,579,121
– Multi-media and entertainment business operations	**61,261**	53,255
Total segment liabilities	**2,493,971**	2,641,679
Unallocated liabilities	**511,442**	267,251
	3,005,413	2,908,930

3. SEGMENT INFORMATION (CONTINUED)

(b) An analysis of the Group's financial position by operating segments (continued)

For the purposes of resource allocation and performance assessment between segments:

- all assets are allocated to reportable segments, other than partial inventories, amount due from non-controlling interest, partial deposits, prepayment and other receivables, financial assets at FVTPL, partial cash and bank balances and partial property, plant and equipment for central administrative purposes; and

- all liabilities are allocated to reportable segments, other than partial deposits received, accruals and other payables, partial lease liabilities and partial other borrowings.

(c) Geographical information

The following table sets out information about geographical location of (i) revenue from external customers and (ii) non-current assets. The geographical location of customers is based on the location at which the services were provided or the goods delivered. The geographical location of non-current assets is based on the physical location of the assets.

	Revenue from external customers Six months ended 30th June		**Non-current assets**	
			At 30th June	At 31st December
	2026	2025	**2026**	2025
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Audited)
Hong Kong	**5**	4	**59,612**	48,017
Macau	**19,594**	133,013	**295,542**	315,420
Taiwan	**–**	10	**150,640**	152,475
The People's Republic of China excluded Hong Kong, Macau and Taiwan (the "PRC")	**75,715**	123,494	**6,893**	9,996
	95,314	256,521	**512,687**	525,908

4. REVENUE

Set out below is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information.

	Six months ended 30th June	
	2026	2025
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Disaggregation of revenue from contracts with customers		
Distribution fee income	**5**	14
Artist management service income	**–**	300
Sales of properties	**18,940**	132,359
Building management service fee income	**654**	654
Multi-media sales and commission income	**75,715**	123,194
Revenue from contracts with customers	**95,314**	256,521

	Six months ended 30th June	
	2026	2025
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Revenue from contracts with customers		
Timing of revenue recognition		
A point in time	**94,660**	255,867
Over time	**654**	654
Revenue from contracts with customers	**95,314**	256,521

5. OTHER REVENUE AND OTHER INCOME

	Six months ended 30th June	
	2026	2025
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Dividend income	**5**	4
Bank interest income	**711**	451
Catering operations	**4,062**	2,241
Retail sales	**–**	513
Gain on termination of lease	**–**	1,013
Rental income	**419**	–
Sundry income	**1,259**	1,053
	6,456	5,275

6. FINANCE COSTS

	Six months ended 30th June	
	2026	2025
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Interests on bank borrowings	**25,330**	35,477
Interests on other borrowings	**72,574**	43,799
Interests on amount due to a director and an associate	**2,343**	2,636
Interests on amounts due to non-controlling interests	**2,232**	2,506
Interests on lease liabilities	**434**	563
	102,913	84,981
Interest capitalised to stock of properties	**(51,325)**	(33,113)
	51,588	51,868

7. LOSS BEFORE TAX

Loss before tax has been arrived at after charging/(crediting):

	Six months ended 30th June	
	2026	2025
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Amortisation of intangible assets (included in marketing, selling and distribution expenses)	**95**	90
Cost of sales:		
– Cost of properties sold	**16,186**	112,949
– Cost of multi-media and entertainment business	**11,002**	67,181
	27,188	180,130
Depreciation of property, plant and equipment	**10,605**	8,022
Employee benefit expenses (included directors' remunerations)	**30,995**	42,902
Expense relating to short-term leases	**1,719**	2,355
Expense relating to leases of low-value assets, excluding short-term leases of low-value assets	**26**	33
Loss arising on change in fair value of financial assets at FVTPL	**2,476**	771
Net foreign exchange gain	**(1,036)**	(10,649)
Other operating expenses:		
– Other cost of sales	**2,092**	1,790
– Write-down of stock of properties	**16,349**	43,944
	18,441	45,734

8. INCOME TAX EXPENSE/(CREDIT)

	Six months ended 30th June	
	2026	2025
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Deferred tax	**1,800**	(38)

Under the two-tiered profits tax rates regime of Hong Kong, the first HK$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

The directors considered the amount involved upon implementation of the two-tiered profits tax rates regime as insignificant to the unaudited condensed consolidated financial statements. Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both periods.

8. INCOME TAX EXPENSE/(CREDIT) (CONTINUED)

No provision for Hong Kong Profits Tax has been made for both periods as the Group have no assessable profits arising in Hong Kong or taxable profits were wholly absorbed by estimated tax losses brought forward.

The PRC subsidiaries are subject to the PRC enterprise income tax at 25% for both periods. Macau subsidiaries are subject to Macau complementary tax at the maximum progressive rate of 12% on the estimated assessable profit for both periods. The Taiwan subsidiary is subject to Taiwan corporate tax, the first NT$120,000 taxable income of Taiwan subsidiary is exempted from corporate tax and taxable income above NT$120,000 is taxed at 20%.

No provision for PRC enterprise income tax, Macau complementary tax and Taiwan corporate tax has been made for both periods as the Group has no assessable profit arising in the PRC, Macau and Taiwan.

9. LOSS PER SHARE

The calculation of basic and diluted loss per share attributable to owners of the Company are based on the following data:

	Six months ended 30th June	
	2026	2025
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Loss		
Loss for the period attributable to owners of the Company for the purpose of basic and diluted loss per share	**(56,094)**	(110,875)

	Six months ended 30th June	
	2026	2025
	'000	*'000*
	(Unaudited)	(Unaudited)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**2,428,911**	2,428,911

Pursuant to the deed polls of the bonus convertible bonds ("Bonus CBs"), the Bonus CBs conferred the holders with the same economic interests attached to the shareholders of the Company. Accordingly, 4,645 (30th June 2025: 4,645) fully paid ordinary shares of HK$0.01 each which shall be convertible from an aggregated amount of approximately HK$1,000 (30th June 2025: HK$1,000) outstanding Bonus CBs are included in the weighted average number of ordinary shares for calculating the basic loss per share for the six months ended 30th June 2026 and 30th June 2025.

No diluted loss per share was presented as there was no potential ordinary shares in issue for both periods.

10. DIVIDEND

No interim dividend was paid or proposed during the six months ended 30th June 2026 and 30th June 2025.

11. TRADE RECEIVABLES

The following is an aging analysis of trade receivables, presented based on the invoice dates and net of allowance for ECL:

	At 30th June 2026 *HK\$'000* **(Unaudited)**	At 31st December 2025 *HK\$'000* (Audited)
0 to 30 days	**607**	398
31 to 60 days	**–**	157
61 to 90 days	**–**	188
Over 90 days	**1,461**	573
	2,068	1,316

The average credit period granted to customers ranges from 30 to 90 days.

12. TRADE PAYABLES

The following is an aging analysis of trade payables, based on invoice dates:

	At 30th June 2026 *HK\$'000* **(Unaudited)**	At 31st December 2025 *HK\$'000* (Audited)
0 to 30 days	**6,240**	8,233
31 to 60 days	**4,361**	5,273
61 to 90 days	**1,885**	16,201
Over 90 days	**73,846**	55,267
	86,332	84,974

The average credit period granted by suppliers ranges from 30 to 90 days.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

For the six months ended 30th June 2026, the Group recorded revenue of HK$95,314,000 as compared to HK$256,521,000 for the last corresponding period, representing a decrease of 63%. The gross profit margin increased to 71% from 30% for the last corresponding period.

Loss for the period amounted to HK$69,711,000 (Six months ended 30th June 2025: HK$133,602,000), representing a decrease of 48% from the last corresponding period. Loss for the period mainly included marketing, selling and distribution expenses amounted to HK$11,483,000 (Six months ended 30th June 2025: HK$35,214,000), other operating expenses amounted to HK$18,441,000 (Six months ended 30th June 2025: HK$45,734,000), finance costs amounted to HK$51,588,000 (Six months ended 30th June 2025: HK$51,868,000) and administrative expenses of HK$58,505,000 (Six months ended 30th June 2025: HK$81,719,000). The loss was improved by increased in gross profit margin and general decrease in expenses.

Loss attributable to owners of the Company for the six months ended 30th June 2026 amounted to HK$56,094,000, representing a decrease of 49% from HK$110,875,000 for the last corresponding period.

DIVIDEND

The directors do not recommend the payment of an interim dividend for the six months ended 30th June 2026 (Six months ended 30th June 2025: nil).

BUSINESS REVIEW

The Group has three reportable segments – (1) film related business operations; (2) property development and investment operations; and (3) multi-media and entertainment business operations or the MCN business.

Of the total revenue for the period, HK$5,000 or 0% was generated from film related business operations, HK$19,594,000 or 21% was generated from property development and investment operations, and HK$75,715,000 or 79% was generated from multi-media and entertainment business operations.

Film Related Business Operations

Film related business operations included investment, production, distribution and licensing of films and television drama series and provision of other film related services including artist management services.

In the first half of the year 2026, revenue from film related business operations amounted to HK$5,000 (Six months ended 30th June 2025: HK$314,000) and its segment profit amounted to HK$939,000 (Six months ended 30th June 2025: loss of HK$1,185,000). The Group currently has no film or television drama series in production and this period's revenue was mainly sub-distribution fees and artist management fees and the segment profit was mainly contributed by exchange gain arising from appreciation of RMB assets in this segment.

The Group intends to shift its content production focus from feature film production towards short drama development and production. Compared with feature film projects, short dramas are generally feature shorter production cycles, lower cost and faster monetisation turnaround. Such strategic re-orientation aims to optimise capital deployment, diversify content product mix and improve the overall capital efficiency of the content segment. We start preparing scripts in June 2026, productions will start in the following months.

Property Development and Investment Operations

Property development and investment operations included investing and development of properties and property management of Tiffany House. The Group mainly has two projects in Macau, namely (i) Lot C7 do Plano de Urbanizacao da Baia de Praia Grande, located in the Nam Van Lakes Zone, at Avenida Doutor Stanley Ho, registered with the Macau Land and Real Estate Registry under no. 23070 (the "Property C7"); and (ii) Tiffany House located at Rua De Luis Gonzaga Gomes and Rua De Xiamen, Macau.

The Property C7 is in close proximity to Macau Tower and Penha Hill, within Macau's prime central business lakeside district and is developing into a thirteen storey building and one basement. Property C7 has gross floor area of (a) residential – 25,832 square meters, (b) commercial – 215 square meters and (c) parking – 3,930 square meters. The Group has entered into an operation entrustment agreement and a main sale agreement with a well-known Macau property developer and entrust it to assist for design, development and construction, sales and finance arrangement of the Property C7. The Group considered that this professional arrangement for the Property C7 can speed up the construction process and assist the later sales. The Property C7 is formally named as "Lake Yoho" and will provide 312 residential units (included 15 villas and 20 duplex units), one commercial unit, and 138 carparks and 41 motorcycle parks at the underground level and equipped one floor with a large luxury clubhouse. The Property C7 has obtained its presale permit on 13th January 2025. Presale started in the end of June 2025 and achieved positive market response and remarkable sales are recorded. Up to 30th June 2026, more than 250 residential units has entered into presale contracts with sales consideration over HK$1,400 million (before marketing expenses). The Group normally received 10% to 30% deposits after signing of the presale contract and the remaining sales consideration upon one month after the issue of occupational permit. The deposits received can used to finance the construction costs and related expenses of the Property C7. Following the obtaining of its occupation permit on 15th July 2026 and its definitive horizontal property registration on 19th August 2026, the completion of the presale units in the Property C7 has commenced in mid-August 2026 and its revenue will account for in the second half of year 2026.

Tiffany House is located adjacent to Macao Polytechnic Institute and next to Golden Lotus Square, and is a couple of blocks away from Macau Fisherman's Wharf and Sands Casino. Tiffany House has a gross floor area of (a) residential – 31,192 square meters, including 3,819 square meters for clubhouse, (b) commercial – 3,716 square meters and (c) parking – 11,250 square meters. It provides 230 residential units in two towers, with units ranging from studio flats to four-bedroom apartments as well as special units and 272 carparks and 75 motorcycle parks in three underground levels. A prestigious clubhouse decided by Mr. William Chang, a famous art director and star designer in Hong Kong which provides a wide range of facilities including swimming pool, gym room, well equipped kitchen, yoga and dance room, etc. Tiffany House obtained its occupational permit in December 2019 and started sales in October 2022. Tower 1 of Tiffany House has 115 residential units and gross floor area of approximately 161,000 square feet and Tower 2 which facing Golden Lotus Square and Guia Hill has 115 residential units and gross floor area of approximately 175,000 square feet. During the period, sales of four residential units with gross floor area of approximately 3,000 square feet, one carpark and one motorcycle park were completed with aggregate consideration of HK$18,940,000. As at 30th June 2026, there were 97 residential units with gross floor area of approximately 180,000 square feet, 235 carparks and 67 motorcycle parks unsold, of which 4 residential units with gross floor area of approximately 5,000 square feet have signed provisional agreements with aggregate consideration of HK$26,998,000.

In the first half of the year 2026, revenue from property development and investment operations amounted to HK$19,594,000 (Six months ended 30th June 2025: HK$133,013,000), a decrease of 85% and its segment loss amounted to HK$72,119,000 (Six months ended 30th June 2025: HK$92,251,000). All revenue in this period came from sales in Tiffany House and building management service fees income. The decrease mainly caused by decrease in sales in Tiffany House. The segment loss was mainly included finance costs for the bank loan of Tiffany House (the "Term Loan") amounted to HK$24,082,000 (Six months ended 30th June 2025: HK$34,168,000) and the write-down of stock of properties amounted to HK$16,349,000 (Six months ended 30th June 2025: HK$43,944,000).

Macau residential property market in the first half of 2026 saw an overall rise in transaction volume, supported by early-year policy incentives including stamp-duty relief and higher permitted loan-to-value ratios. Mass market small sized units had dominated turnover and thus benefit the sales of the Property C7. Apparently, Tiffany House with mainly large sized residential units recorded relatively sluggish trading in the first half of year 2026, mainly due to their high lump-sum payment threshold constrained turnover. Even so, stable fundamental demand persists among end-users seeking spacious living layouts. Average residential prices stayed under mild pressure. Within the Macau resident market, improving grade demand has gradually emerged amid market adjustment. Tiffany House fits those buyers who are inclined to pursue larger and high quality residential units to upgrade their living conditions. The Group will adopt proactive market aligned pricing strategies for remaining residential units to accelerate inventory clearance.

Multi-media and Entertainment Business Operations

Multi-media and entertainment business operations included development, promotion and operation of livestreaming e-commerce in multi-channel network e-commerce platform, commission sharing from online knowledge payment and property consulting services business and development and sales of private label products.

In the first half of the year 2026, our total gross merchandise value ("GMV") was RMB1,552,951,000 (Six months ended 30th June 2025: RMB295,154,000). GMV increased mainly come from online knowledge payment and property consulting services business. Revenue from multi-media and entertainment business operations amounted to HK$75,715,000 (Six months ended 30th June 2025: HK$123,194,000) and its segment profit amounted to HK$50,859,000 (Six months ended 30th June 2025: loss of HK$3,837,000).

During the first half of 2026, the Group's effort to expand its revenue base such as advertising income, commission income and marketing service income and to lower its operation costs which has gradually improved profit margin in the MCN business. Following the onboarding of key talent, Mr. Jacky Heung, son of Mr. Heung Wah Keung and Ms. Chen Ming Yin Tiffany, the MCN business delivered improved operating performance. Both advertising-related cooperation opportunities and overall business revenue registered growth. The addition of Mr. Jacky Heung expanded the Group's brand-client reach and enriched commercial monetisation channels for the MCN segment.

Starting from late 2025, the Group generated commission sharing income from its online knowledge payment and property consulting services business. Through professional real estate knowledge content output and online user consulting services, the Group and our business partner facilitated client property transaction conversion, and recognised proportional commission revenue settled by cooperative property developers upon successful deal completion. Such revenue constitutes an emerging service-based income stream, reflecting effective monetisation of the Group's online content traffic and user service capabilities. Since the Group shared commission income from the business, operating expenses are well under control and profit margin is improved.

Other Business Operations

In the commercial mall in Tiffany House, a café is crucial for the daily necessities to nearly tenants. The revenue from the café amounted to HK$4,062,000 (Six months ended 30th June 2025: HK$2,241,000). The café received positive feedback from its customers and its result is gradually improved.

Geographical Segments

For the geographical segments, revenue of HK$5,000 or 0% was sourced from Hong Kong, revenue of HK$19,594,000 or 21% was sourced from Macau, revenue of HK$75,715,000 or 79% was sourced from China during the period. Revenue from Macau mainly represented property sales of Tiffany House in Macau and revenue from China mainly represented income from multi-media and entertainment business operations which are increasingly crucial in the Group's operations.

Administrative Expenses

For the six months ended 30th June 2026, administrative expenses amounted to HK$58,505,000 (Six months ended 30th June 2025: HK$81,719,000), representing a decrease of 28%. The decrease mainly come from the effect of lowering costs in the multi-media and entertainment business operations. During the period, headcount also decreased and thus employee benefit expenses classified as administrative expenses amounted to HK$28,524,000 (Six months ended 30th June 2025: HK$31,952,000), decreased by 11%.

Marketing, Selling and Distribution Expenses

For the six months ended 30th June 2026, marketing, selling and distribution expenses amounted to HK$11,483,000 (Six months ended 30th June 2025: HK$35,214,000), representing a decrease of 67%. These expenses mainly included marketing and selling expenses of Tiffany House which included engagement of consultancy parties, agency commission, advertisement in TV, newspapers and billboards and printing costs in promotional materials and marketing expenses incurred in multi-media and entertainment business operations which included advertising expenses in maintaining the publicity of the livestreaming channels such as the Douyin accounts and the number of followers. The decrease is in line with the decrease in revenue of the property development and investment operations business.

Finance Costs

For the six months ended 30th June 2026, finance costs amounted to HK$51,588,000 (Six months ended 30th June 2025: HK$51,868,000) were charged to the condensed consolidated income statement which mainly included interests financing the construction costs of Tiffany House amounted to HK$24,082,000 (Six months ended 30th June 2025: HK$34,168,000) and loan for general expenses of the Group. Finance costs on the Construction Loan (defined as below) financing construction costs of the Property C7 amounted to HK$51,325,000 (Six months ended 30th June 2025: HK$33,113,000) were capitalized to stock of properties.

LIQUIDITY AND FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 30th June 2026, the Group had total assets of HK$4,450,533,000 (31st December 2025: HK$4,425,795,000) and net current assets of HK$1,001,181,000 (31st December 2025: HK$1,018,194,000), representing a current ratio of 1.3 (31st December 2025: 1.4). The Group had cash and bank balances, time deposits and restricted cash in aggregate amount of HK$113,885,000 (31st December 2025: HK$186,189,000).

As at 30th June 2026, the Group had total borrowing of HK$1,995,689,000 (31st December 2025: HK$1,977,062,000) which comprised the Term Loan of HK$838,581,000 (31st December 2025: HK$861,364,000), a secured bank loan (the "Secured Loan") of HK$65,629,000 (31st December 2025: HK$82,104,000), a secured term loan from a finance company (the "Short Term Loan") of HK$170,000,000 (31st December 2025: HK$170,000,000), an unsecured loan from a related company (the "Director Loan") of HK$35,000,000 (31st December 2025: HK$35,000,000), a secured property loan (the "Construction Loan") and its accrued interests in aggregate of HK$860,425,000 (31st December 2025: HK$799,431,000), other short term borrowings in aggregate amount of HK$15,000,000 (31st December 2025: HK$15,000,000) and lease liabilities of HK$11,054,000 (31st December 2025: HK$14,163,000).

The purpose of the Term Loan is to finance the construction costs and any other soft costs in relation to Tiffany House and secured by first legal mortgage over properties of Tiffany House with carrying amount as properties, stock of properties and restricted cash in aggregate amount of HK$1,434,609,000 (31st December 2025: HK$1,473,899,000), interest bearing at Hong Kong Interbank Offered Rate ("HIBOR") for three or six month period selected by the borrower plus margin of 2.85% (Six months ended 30th June 2025: 2.85%) per annum for each interest period and its repayment schedules are as follows:

Instalments	**Repayment Date (counting from 13th December 2022)**	**Minimum Repayment Amount** *(HK$)*
1	12 months	50,000,000
2	18 months	160,000,000
3	24 months	160,000,000
4	30 months	160,000,000
5	36 months	160,000,000
6	42 months	160,000,000
7	48 months (final maturity)	850,000,000

There is a clause in the Term Loan that mandatory prepayment in an amount of 90% of the net sales proceeds from Tiffany House (net deduction of direct expenses to be accepted by the lender) or dispositions of any properties or assets of Tiffany House unless otherwise approved by the lender. The remaining sales proceeds from Tiffany House after the repayment shall be deposited into a charge account, and can only be used for the payment of interest of the Term Loan. The original Term Loan facility was HK$1,700,000,000, after an aggregate repayment of HK$861,419,000, the outstanding balance is HK$838,581,000 which has fulfilled the minimum repayment requirement in the first 42 months. During the six months ended 30th June 2026, the Group repaid principal of HK$22,783,000. The Term Loan will mature in 13th December 2026, the Group started to negotiate with the bank to extend the maturity date and to restructure the Term Loan. As at the date of approving these interim results, discussions with the bank are progressing favourably and the Group does not foresee any objection with the extension.

The Secured Loan is in original currency of New Taiwan Dollar ("NT$") 267,000,000 (31st December 2025: NT$342,000,000) and secured by investment property in carrying amount of HK$150,626,000 (31st December 2025: HK$152,465,000). During the period, the Secured Loan was restructured as mortgage loan with another bank. The new Secured Loan is interest bearing at Taipei Interbank Offered Rate plus 1.16% per annum, i.e. 2.9% per annum as at 30th June 2026 (Six months ended 30th June 2025: floating rate of 2-year New Taiwan Dollar deposit at Chungwa Post Co., Ltd plus margin 1.43% per annum, i.e. 2.80% per annum) and will mature 180 months from date of drawdown, 30th June 2041 (Six months ended 30th June 2025: 12th March 2028).

The Short Term Loan is secured by the Group's property in carrying amount of HK$39,501,000 (31st December 2025: HK$40,600,000), personal guarantee provided by Mr. Heung Wah Keung and Ms. Chen Ming Yin Tiffany, being directors and controlling shareholders of the Company, interest bearing at 13.5% per annum and payable quarterly and will mature on 23rd November 2026.

The Director Loan is unsecured, interest bearing at 13.5% per annum and will mature on 23rd November 2026. The source of fund for the Director Loan was same as the Short Term Loan. The repayment of the Director Loan is deferred after the Short Term Loan.

The purpose of the Construction Loan is to finance the construction costs, design and sales expenses of the Property C7. The facility amount of the Construction Loan is HK$700,000,000, secured by first legal mortgage over the leasehold land and properties to be erected on Property C7 with carrying amount as stock of properties and restricted cash in aggregate amount of HK$2,206,695,000 (31st December 2025: HK$2,115,285,000) and will mature 2nd November 2026 and 25th November 2026. Sales proceeds from Property C7 shall be deposited into charge accounts in a bank and can only be used for the payment of construction costs, marketing expenses and direct expenses of the Property C7. Interest is accrued annually at the rate of 16% to 18% per annum and payable upon maturity.

Other short term borrowings are unsecured, interest bearing from 0% to 8% per annum and will mature within six months from date of drawdown.

As at 30th June 2026, the Group had bank and other credit facilities amounted to HK$2,465,628,000 which were fully utilized. As at 30th June 2026, the gearing ratio calculated as a percentage of total borrowings over equity attributable to owners of the Company was 129% (31st December 2025: 123%). The gearing position of the Group is expected to improve in the second half of year 2026 upon the completion of the presale units in the Property C7.

As at the date of approving these interim results and as at 30th June 2026, the fair value of the Group's equity securities listed in Hong Kong held at 30th June 2026 was approximately HK$5,310,000 and HK$5,982,000 respectively. During the six months ended 30th June 2026, the Group did not acquired or disposed any equity securities listed in Hong Kong. The loss arising on change in fair value of financial assets at fair value through profit and loss was HK$2,476,000. As at 30th June 2026, no single equity security's fair value held by the Group accounted for 5% or more of the total assets of the Group.

During the six months ended 30th June 2026, no share options/awards of the Company were outstanding, granted, lapsed, exercised, expired or cancelled.

CHARGES OF ASSETS

As at 30th June 2026, property, stock of properties and certain bank accounts in aggregate carrying amount of HK$1,434,609,000 and quota capital of China Star Creative Development Limited, a wholly owned subsidiary of the Company which is engaged in the business of property development and investment has been pledged for banking facilities of HK$1,700,000,000 granted to the Group; stock of properties and certain bank accounts in carrying amounts of HK$2,206,695,000 has been pledged for other credit facilities of HK$700,000,000 granted to the Group; time deposit in amount of HK$168,000 has been pledged as guarantee to Macau government for deposits in the development of stock of properties in Macau; the Group's property in carrying amount of HK$39,501,000 has been pledged for the Short Term Loan facility; and investment property in carrying amount of HK$150,626,000 has been pledged for the Secured Loan facility.

EXCHANGE RISK AND HEDGING

The majority of the Group's transactions, assets and liabilities are denominated in Hong Kong Dollar, Macau Pataca, United States Dollar, New Taiwan Dollar and Renminbi. The exposure to fluctuation in exchange rates in Renminbi mainly arises from its new business, multi-media and entertainment business operations in China and receipts and expenditure incurred in film investment, production and distribution. The Group has closely monitor its exposure to this fluctuation and consider appropriate hedging activities if necessary. The exposure to fluctuation in other currencies is considered to be minimal and no hedge activity is considered necessary.

COMMITMENTS

As at 30th June 2026, outstanding commitments by the Group amounted to HK$442,813,000, of which HK$409,400,000 as development expenditure for stock of properties in Macau, HK$16,046,000 for development expenditure of catering operations in Macau and HK$17,367,000 for film rights, films in progress and film deposits.

CONTINGENT LIABILITIES

As at 30th June 2026, the Group had no material contingent liability.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS

There were no significant investments, material acquisitions or disposals during the year.

EMPLOYEES AND REMUNERATION POLICY

As at 30th June 2026, the Group employed 142 staff (30th June 2025: 247 staff) with employee benefit expenses (included directors' remuneration) of HK$30,995,000 (30th June 2025: HK$42,902,000), of which HK$28,524,000 (30th June 2025: HK$31,952,000) classified as administrative expenses and HK$2,471,000 (30th June 2025: HK$10,950,000) classified as marketing, selling and distribution expenses, an overall decrease of 28%. The decrease mainly caused by decrease in headcount as some sections of our multi-media and entertainment business operations in China are outsourced to third parties. The directors believe that the quality of its employees is the single most important factor in sustaining the Group's reputation and improving its profitability. The staff are remunerated based on their work performance, professional experience and prevailing industry practices. Apart from basic salaries, pension fund, housing allowances, meal allowances, medical schemes and discretionary bonuses, share options and share awards are awarded to certain staff according to the assessment of individual performance.

IMPORTANT EVENTS AFFECTING THE GROUP SINCE 30TH JUNE 2026

As at the date of approving these interim results, the Board is not aware of any important events affecting the Group which had occurred since 30th June 2026.

PROSPECT

In the second half of 2026, Macau's residential market is expected to see muted to moderate transaction activity. Existing supportive housing policies should continue to underpin demand for mass market compact units, while large-sized properties with high lump sum price tags will likely remain constrained by affordability barriers. Overall residential prices are projected to stay largely stable with limited upside, as buyers maintain selective sentiment toward quality completed stock. Macroeconomic conditions and consumer confidence will remain key variables shaping market performance. The Group will adopt proactive and market oriented pricing strategies for remaining residential inventory, aiming to accelerate inventory clearance and enhance asset turnover. Following the obtaining of occupation permit of the Property C7 on 15th July 2026 and its definitive horizontal property registration on 19th August 2026, the completion of the pre-sales units in the Property C7 has commenced in mid-August 2026 and its revenue will account for in the second half of 2026. The overall cash flow of the Group will be significantly improved.

Looking ahead to the second half of 2026, the Group will deploy AI tools and artificial intelligence generated content ("AIGC") applications across its MCN and short drama businesses, marking the initial phase of technological upgrading. Leveraging generative AI tools, the Group will optimise script drafting, raw material generation, content editing and audience precision targeting procedures, effectively streamlining production workflows, expanding content output capacity and shortening content iteration cycles. AIGC will serve as an efficiency-enhancing auxiliary tool instead of replacing professional creative teams, with all AI-generated content subject to strict manual review and compliance verification to control content quality and intellectual property risks. For content development of short drama, the Group has started with elements of Hong Kong style movie with refinement and differentiation strategy. The Group will steadily promote intelligent production upgrades to support sustainable development of its content business.

In respect of the commission sharing income derived from its online knowledge payment and property consulting services business, it is expected to maintain steady growth in the following months in 2026. By continuously optimising professional property content output and enhancing user consulting service quality, the Company will further improve traffic conversion efficiency. With expanding cooperative developer resources and strengthened closed-loop transaction capabilities, this service-based revenue stream is poised to become a stable incremental income driver, supporting diversified and sustainable revenue growth of the Group.

Looking forward, the Group will continue to grasp favorable opportunities brought by existing business operations, particularly the MCN business and will strive to achieve high quality development and successfully monetizing the value of its Macau properties.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30th June 2026.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintain a high standard of corporate governance practices. The Company has applied the principles and complied with all the applicable code provisions laid down in the Corporate Governance Code as set out in Appendix C1 to the Listing Rules during the period from 1st January 2026 to 30th June 2026.

AUDIT COMMITTEE

The audit committee of the Company comprises Messrs. Ho Wai Chi, Paul, Hung Cho Sing and Tai Kwok Leung, Alexander, all being independent non-executive directors. Mr. Ho Wai Chi, Paul is the chairman of the audit committee.

The audit committee of the Company has met and discussed with the Company's independent auditors, and has reviewed the accounting principles and practices adopted by the Group and the unaudited condensed consolidated financial statements of the Group for the six months ended 30th June 2026 and is of the view that such statements have been prepared in compliance with the applicable accounting standards, the Listing Rules and other applicable legal requirements and that adequate disclosure has been made.

ADOPTION OF THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuer (the "Model Code") as set out in Appendix C3 to the Listing Rules for securities transactions by directors of the Company. All directors of the Company have confirmed, following specific enquiry by the Company, that they have complied with the required standard set out in the Model Code during the six months ended 30th June 2026. The Model Code also applies to other specified senior management of the Group.

PUBLICATION OF INTERIM REPORT

The Company's 2026 interim report will be despatched to the shareholders of the Company on or before 30th September 2026 and will be published on the website of the Stock Exchange (www.hkexnews.hk) and the Company's website (www.chinastar.com.hk or www.irasia.com/listco/hk/chinastar).

By Order of the Board
China Star Entertainment Limited
Heung Wah Keung
Chairman

Hong Kong, 28th August 2026

As at the date of this announcement, the executive directors of the Company are Mr. Heung Wah Keung, Ms. Chen Ming Yin, Tiffany and Ms. Li Yuk Sheung; the independent non-executive directors of the Company are Mr. Hung Cho Sing, Mr. Ho Wai Chi, Paul and Mr. Tai Kwok Leung, Alexander.